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Dan Moriarity, M.S.
Fisheries Biologist
331 Wilcox Lane
Sequim, WA 98382

July 2, 2001

01-05

Mr. Henrik Voldbaek, Plant Manager
Ash Grove Cement Company
3801 E. Marginal Way S.
Seattle, WA 98134-1147

RE: Preparation of Biological Evaluation (BE) in association with Spearman Engineering proposal

Gentlemen:

Thank you for the opportunity to present this proposal for subject services. My fee to prepare the biological services involved is \$3,750.00. One-third (\$1,250.00) of the total is payable in advance; the balance (\$2,500.00) will be invoiced monthly on a time and expense basis. This estimate is based on:

1. Review of Corps of Engineers' 6/12/01 response to Spearman Engineering's 2/6/01 request regarding recovery of material from the Duwamish.
2. Discussions with Mr. Spearman.
3. Successful completion, in association with the Spearman firm, of a BE for a dredging project at James Hardie Gypsum, Inc. (12/31/99).

The Spearman firm will work closely with me to complete this document. Additional information regarding this estimate is available.

I researched a similar proposal in late 1999. I am acquainted with personnel and procedures of agencies who would have jurisdiction. I have twenty one years' experience dealing with resource agencies in Washington State.

This proposal includes normal fine tuning after Corps of Engineers (USACE), National Marine Fisheries Service (NMFS) and U.S. Fish and Wildlife Service (USFWS) review. If changes to the proposal or government policies required more substantial revision, my services will be provided on a time and expense basis. Examples of potential changes may include (1) the client's expansion of the proposal to include additional actions, (2) designation of the Duwamish as a federal Superfund site and (3) additional ESA listings such as killer whale.

In light of increasing backlogs in agency permit processing, the client has the option of proposing additional actions to be permitted over the longer term. With this option, there is high likelihood of the client saving time and money.

Fees

The fee schedule for this proposal is as follows:

Principal.....\$75.00/hour

USEPA SF



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Typist.....\$30.00/hour

Contract Terms

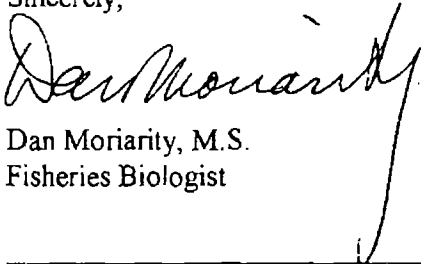
This document is the basis of our agreement. My firm's liability is limited to the amount of the fee. Services may be terminated by the client at any point, with all fees and expenses to be paid in full to the date of the termination notice. Under this agreement, Dan Moriarity, Fisheries Biologist, is allowed to suspend services whenever payments exceed thirty days past due. In the case of a dispute, the prevailing party shall be entitled to costs and reasonable attorney's fees.

Except for the advance payment, invoices will be submitted on a monthly basis, and are due and payable no later than thirty days after the date of the invoice, unless otherwise noted. A late payment charge of 1.5% per month, 18% per annum, will be assessed on delinquent accounts. Late payment charges will be computed on any portion of your account not paid within thirty days.

To authorize my services, please return a copy of this document, signed by an authorized representative, to my office. This proposal is valid for sixty days from the date of this letter.

I look forward to working with you on this project. Please call if there are any questions.

Sincerely,



Dan Moriarity, M.S.
Fisheries Biologist

AUTHORIZATION:

Preparation of Biological Evaluation (BE) by Moriarity/Spearman Team

Authorized by: Don Ugelstad
(print name)
Signature: Don Ugelstad
Date: 7-17-01